

# SENATE BILL 727

Q3

11r0817

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By: **Senators Simonaire, Brinkley, Colburn, Edwards, Getty, Glassman, Jacobs, Jennings, King, Manno, Peters, Pipkin, Reilly, Shank, and Young**

Introduced and read first time: February 4, 2011

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Small Business Growth Initiative**

3 FOR the purpose of allowing certain small businesses a credit against the State  
4 income tax in a certain amount for a certain guaranty fee paid in order to obtain  
5 financing from the United States Small Business Administration; providing for  
6 the carryover of unused credit to certain taxable years if the credit exceeds the  
7 State income tax otherwise payable for a taxable year; defining a certain term;  
8 providing for the application of this Act; and generally relating to a credit  
9 against the State income tax in a certain amount for a certain guaranty fee paid  
10 by certain small businesses.

11 BY adding to  
12 Article – Tax – General  
13 Section 10–729  
14 Annotated Code of Maryland  
15 (2010 Replacement Volume)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Tax – General**

19 **10–729.**

20 **(A) IN THIS SECTION, “SMALL BUSINESS” MEANS A BUSINESS ENTITY**  
21 **THAT QUALIFIES AS SMALL UNDER THE STANDARDS CONTAINED IN 13 C.F.R. §**  
22 **121.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(B) A SMALL BUSINESS MAY CLAIM A CREDIT AGAINST THE STATE**  
2 **INCOME TAX IN AN AMOUNT EQUAL TO THE AMOUNT OF A GUARANTY FEE PAID**  
3 **BY THE SMALL BUSINESS IN ORDER TO OBTAIN GUARANTEED FINANCING FROM**  
4 **THE UNITED STATES SMALL BUSINESS ADMINISTRATION.**

5           **(C) IF THE CREDIT OTHERWISE ALLOWABLE UNDER SUBSECTION (B) OF**  
6 **THIS SECTION FOR ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX**  
7 **OTHERWISE PAYABLE FOR THAT TAXABLE YEAR, A SMALL BUSINESS MAY APPLY**  
8 **THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING**  
9 **TAXABLE YEARS UNTIL THE EARLIER OF:**

10                   **(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR**

11                   **(2) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE**  
12 **TAXABLE YEAR IN WHICH THE GUARANTY FEE WAS PAID.**

13           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 2011, and shall be applicable to all taxable years beginning after December 31,  
15 2010.